

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED
4-04-16
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Application of Pacific Gas and Electric
Company in its 2015 Nuclear
Decommissioning Cost Triennial
Proceeding (U39E).

A.16-03-006
(Filed March 1, 2016)

**PROTEST
OF THE OFFICE OF RATEPAYER ADVOCATES**

I. INTRODUCTION

In accordance with Rule 2.6, subdivision (a), the Office of Ratepayer Advocates (ORA) protests the Application (A.) 16-03-006 of the Pacific Gas and Electric Company (PG&E). ORA objects to the granting in whole or in part of the request sought by A.16-03-006.

Stated below are the preliminary facts, law, and reasons constituting the grounds for this Protest. ORA requests an evidentiary hearing to develop a full and complete record of the support and justification for A.16-03-006. ORA reserves the right to change or supplement the bases of its Protest, contingent on its discovery and testimonies of the other Parties.

This Protest is timely filed. Although submitted on March 1, 2016, A.16-03-006 first appeared in the Commission Daily Calendar on March 4, 2016. According to Rule 2.6(a), protests are due within thirty days thereafter, which would be April 4, 2016, the date when ORA filed and served this Protest.

II. BACKGROUND

PG&E requests the Commission as follows:

- i. \$117.3 million annual revenue requirement for the Diablo Canyon Trusts,
- ii. \$62.9 million annual revenue requirement for the Humboldt Bay Trusts,
- iii. Humboldt Bay annual operating costs of approximately \$4.4 million for 2017, declining in 2018 and 2019,
- iv. Approval of the reasonableness of \$371 million in Humboldt Bay decommissioning expenditures incurred since the 2012 NDCTP,
- v. Approve the updated Diablo Canyon Decommissioning Cost Estimate (DCE), increasing by \$1.3 billion from the \$2.480 billion total authorized in the 2012 NDCTP Phase 2 decision to \$3.779 billion, and
- vi. Approve the \$531.3 million estimate to complete the remaining decommissioning work at Humboldt Bay (as of 12/2014). The total cost to complete Humboldt Bay decommissioning is now estimated to be \$1.055 billion, an increase of \$77.1 million over the 2012 authorized estimate of \$977.9 million.

III. ORA'S BASIS FOR PROTEST

ORA asserts that there may be material issues of fact in dispute regarding PG&E's requests listed above. ORA will review the application, testimony, and supporting workpapers, as well as conduct discovery on these issues and any other related issues as its review continues. ORA asserts evidentiary hearings are necessary and will prepare and serve testimony and other related documents as necessary in support of the Commission's hearing process.

PG&E's proposed \$3.779 billion Diablo Canyon DCE assumes a four year delay in the start of U.S. Department of Energy (DOE) spent fuel acceptance, from 2024 to 2028, a two-year delay in the start of Diablo Canyon spent fuel acceptance from 2033 to 2035, and a six year delay in completion of spent fuel acceptance from 2055 to 206; these assumptions should be examined further. PG&E assumes an overall 25% contingency for the Diablo Canyon DCE, which appears to be an increase from its consultant's (TLG) 17.4% contingency.

Regarding Humboldt Bay, the updated cost to complete decommissioning appears to have increased due to changed estimates for the Independent Spent Fuel Storage Installation (ISFSI), final site restoration and ultimate removal of the ISFSI. PG&E also presents for reasonableness review \$371 million in decommissioning costs that have been incurred since the 2012 NDCTP; these costs should be reviewed further.

PG&E presents its forecast 7.7% return on equity and 4.2% return on fixed income investments; assumptions that should be reviewed. While the Diablo Canyon decommissioning trusts have \$2.6 billion in assets and the Humboldt Bay trusts have \$193 million in assets (as of December 31, 2015), these funds are insufficient to complete projected decommissioning work, resulting in a significant increase in proposed 2017 decommissioning revenue requirements.

PG&E has recovered damages from the U.S. Department of Energy (DOE) for its failure to accept spent nuclear fuel. So far, PG&E has recovered \$336.8 million in total funds and credited \$321.1 million to ratepayers; PG&E forecasts it will continue to collect approximately \$20 million annually from DOE, an assumption that should be reviewed.

IV. ISSUES FOR THE PROCEEDING

ORA presents a list of issues for the proceeding:

- i. The annual revenue requirements for the Diablo Canyon and Humboldt Bay Decommissioning Trusts, including the assumptions included therein,
- ii. Humboldt Bay operating costs, for 2017-2019,
- iii. The reasonableness of PG&E's \$371 million in decommissioning costs since the 2012 NDCTP,
- iv. The Diablo Canyon DCE, including the assumptions included therein,
- v. PG&E's request regarding the estimated costs to complete decommissioning of Humboldt Bay,
- vi. PG&E's ratemaking treatment of DOE litigation damages recovery, and
- vii. Any additional issues that may arise during discovery.

V. ORA REQUESTS A PREHEARING CONFERENCE

In accordance with Rule 7.2, subdivision (a), ORA requests that the Commission schedule and notice a prehearing conference (PHC) as soon as practicable. At the PHC, ORA will address the schedule for this proceeding and any other matters that the Commission may require.

VI. CATEGORIZATION, NEED FOR HEARING AND ORA’S PROPOSED SCHEDULE

ORA agrees with PG&E that this proceeding should be categorized as “ratesetting,” and evidentiary hearings will be needed.

PG&E’s proposed schedule gives ORA insufficient time to conduct discovery and evaluate the Application’s complex requests. Furthermore, Southern California Edison and SDG&E have filed a similarly complex Application for concurrent review.

Instead, ORA proposes the following schedule:

Phase 1	PROPOSED PG&E, A.16-03-006	PROPOSED ORA
SCE/SDG&E 2014 Costs Supplemental Testimony	NA	NA
PHC	5/2/16	5/2/16
Intervenor Testimony	6/10/16	August 26, 2016
Rebuttal Testimony	7/8/16	September 23, 2016
Evidentiary Hearings	7/25-29/16	October 10, 2016
Opening Briefs, etc.	9/16/16	December 9, 2016

VII. CONCLUSION

ORA will begin discovery as soon as practical, and may visit the pertinent sites.

Respectfully submitted,

/s/ NICHOLAS SHER

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April 4, 2016